

2008

(December)

MASTER OF BUSINESS ADMINISTRATION

(*Distance Learning*)

[**First Semester**]

(*Managerial Economics*)

PAPER—CP 102

Full Marks : 100

Time : 3 hours

The figures in the right-hand margin indicate marks

Candidates are required to give their answers in their own words as far as practicable

Illustrate the answers wherever necessary

Write the answers to questions of each Half in separate books

FIRST HALF

[*Marks* : 50]

(*Turn Over*)

1. Answer any *four* questions : 5×4

(a) What is meant by elasticity of demand ?

(b) Why short run average cost curve is U-shaped ?

(c) Distinguish between short run and long run production function.

(d) What happens to the equilibrium price and quantity as a result of increase in supply ?

(e) When does a perfectly competitive firm stop production ?

(f) Write down the conditions of short run equilibrium of a firm in a perfectly competitive market.

2. Answer any *two* questions : 10×2

(a) What is Isocost line ? How does it determine the optimal combination of factors of Production in the long run ?

- (b) Why does average revenue curve in monopoly is negatively sloped ? How market price will be determined in monopoly market ? What are the sources of monopoly power ?
- (c) What is a producer's Cartel ? What are the objectives of forming such Cartel's ? How does Cartel determine equilibrium output and allocate the same among the member firms ? Is there any problem of instability in this arrangement ?

[*Internal Assessment* : 10 Marks]

SECOND HALF

[*Marks* : 50]

3. Answer any *four* questions : 5×4

- (a) Distinguish demand-pull inflation and cost-push inflation.

- (b) Distinguish MEC and MEI.
- (c) Explain the concept of warranted rate of growth in Harrod-Domar growth model.
- (d) Explain the phases of business cycle.
- (e) Distinguish free trade and protection.
- (f) Define and explain the speculative demand for money.

4. Answer any *two* questions : 10×2

- (a) Derive the investment multiplier in simple Keynesian model. What are the uses and limitations of multiplier.
- (b) Explain the Ricardian theory of comparative advantage.
- (c) Explain Solow's model of growth.

[*Internal Assessment* : 10 Marks]
